



Administrative Wage Garnishment

Debt Management Services Annual
2008 Conference

Crystal Gateway Marriott Arlington, VA

May 21-22, 2008



What is it?

- Administrative Wage Garnishment (AWG)
 - Process to garnish a person's wages in order to satisfy an outstanding debt
 - Applies to private sector employees
 - Does not require a judgment or court order
 - Can be up to 15% of the person's disposable pay
- AWG is currently being used by private collection agencies (PCAs) under contract with the Financial Management Service



AWG Program



- AWG program is maturing
 - Started in 2001 with one program agency - James Madison Memorial Fellowship Foundation
 - Expanded to eighteen agencies - the newest being Department of Agriculture
 - AWG collections have accounted for 10% of the PCA collections in the past two fiscal years
 - Debt Management Services (DMS) continues to actively market AWG to Federal agencies



AWG Program

- Valuable collection tool
 - Collected almost \$22 million since 2001
 - Agency collections
 - Defense Finance & Accounting Service – over \$11.5 million
 - Department of Housing and Urban Development – over \$8.8 million
 - DMS targets agencies with consumer debts & agencies that express interest



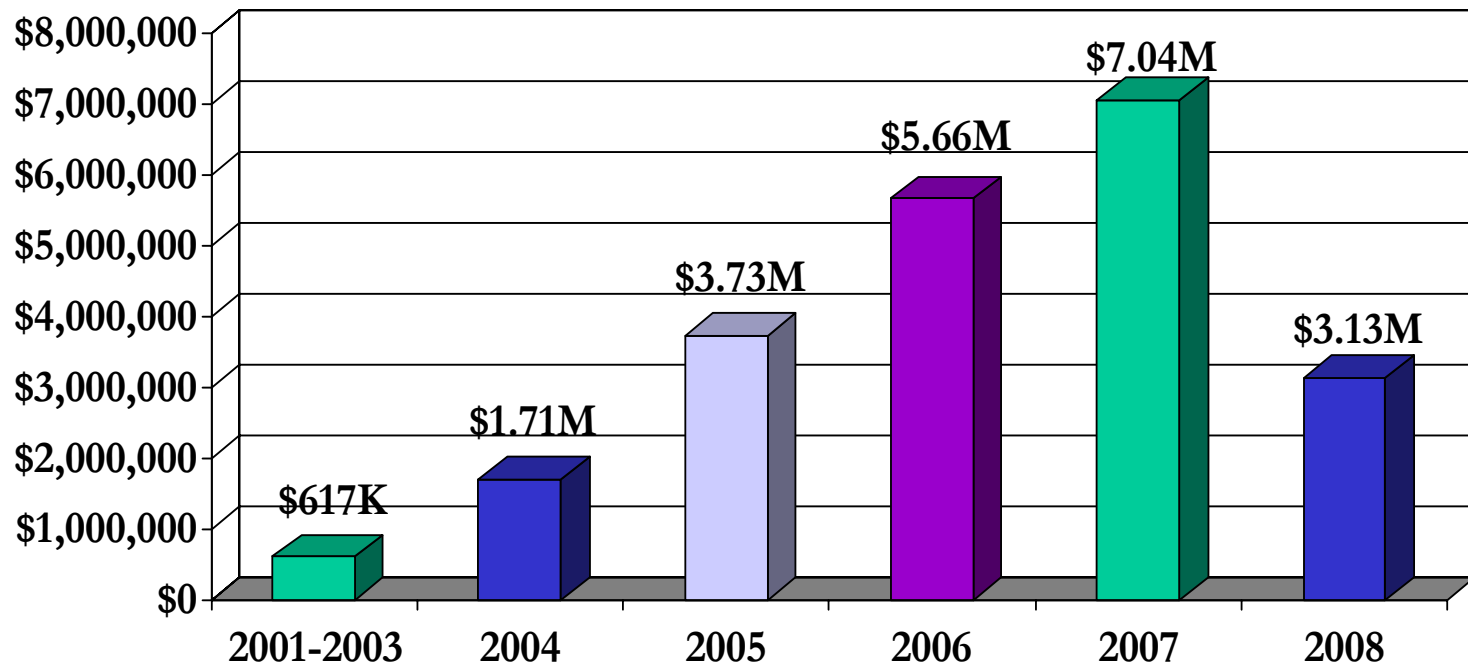
Who's Participating?

- James Madison Memorial Fellowship Foundation
- Railroad Retirement Board
- Department of Housing & Urban Development
- Securities & Exchange Commission
- Nuclear Regulatory Commission
- Department of Education
- Defense Finance & Accounting Service
- Department of Energy
- Department of the Treasury
- U.S. Agency for International Development
- General Services Administration
- Commodity Futures Trading Commission
- Social Security Administration
- Department of Health & Human Services
- Small Business Administration
- National Labor Relations Board
- Federal Communications Commission
- Department of Agriculture



PCA AWG Collections

AWG Collections by PCAs
by Fiscal Year



Total AWG Collections = \$21.9M

Collections for FY '08 through Mar 31

May 22, 2008



How does AWG work?

- Once an agency starts participating in AWG, all consumer debts in the agency's portfolio are eligible
- Information necessary to start AWG
 - Employer information
 - Taxpayer Identification Number (TIN)
- PCA shall attempt other collection efforts prior to starting AWG
- AWG Notice Letters only sent if
 - employer is identified
 - TIN is valid
 - PCA selects account for AWG processing





AWG Order

- Issued 30 calendar days after the AWG Notice Letter has been sent
- DMS will issue the AWG Orders for the PCAs
 - Order will not be generated if there is a:
 - Timely hearing filed
 - Payment Agreement entered after AWG Notice Letter
- AWG Orders are imaged into DMS's imaging system



AWG Hearings

- Debtor may request hearing at any time during AWG process
- Hearing types
 - Timely – received within 15 business days of the AWG Notice letter (stops AWG)
 - Late – received more than 15 business days after the AWG Notice letter (AWG continues)
 - Hardship – may be requested after garnishment starts due to material change in debtor's financial circumstances (treated the same as late hearings)





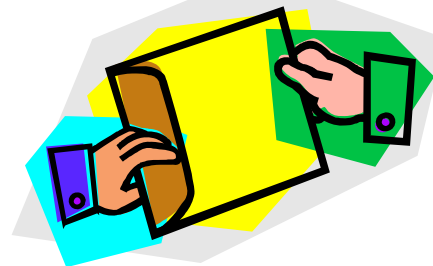
AWG Hearing Process

- Hearing requests from debtor will be forwarded to the agency
- Documents accompanying the request will be:
 - Hearing Request Form
 - PCA Collector's Notes
 - Copy of the AWG Notice Letter
 - Debtor's credit bureau report, if available
 - Debtor's financial statement, if available
- Hearings are requested on about 7% of the AWG Notice Letters issued



Payment Agreements During AWG

- AWG Notice Letter already sent
 - PCA can discuss and enter into any type of payment agreement at this time
- AWG Order issued
 - PCA can only enter into one-time payment agreements at this point
- AWG has proven an effective tool in encouraging the establishment of payment agreements





Expanding the AWG Program

- Use information from the National Directory of New Hires database
 - Includes employment information for:
 - Newly hired employees
 - Current employees – quarterly wages
 - Maintained by Health and Human Service's Office of Child Support Enforcement
- Will assist DMS in finding employment information for debtors – increase AWGs



Expanding the AWG Program

New Hire

- Employee's SSN
- Employee's Address
- Employer's Name and Address

Quarterly Wage

- Employee's SSN
- Wage Amount
- Employer's Name and Address



How can you start using AWG?

- Steps
 1. Publish AWG regulations in the Federal Register or publish that you are adopting Treasury's AWG regulations
 2. Establish hearing procedures and appoint a hearing official
 3. Notify DMS that you are ready to start AWG and have your Agency Profile updated



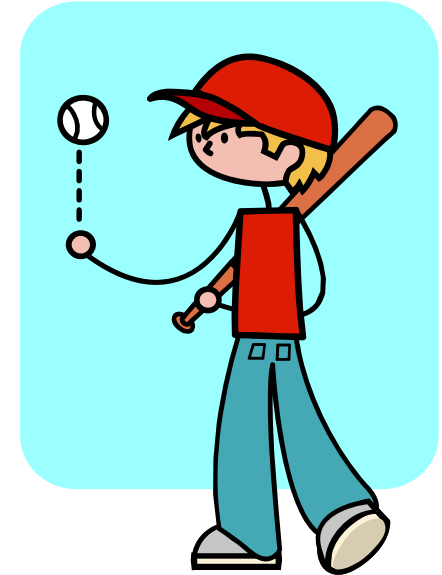
AWG Hearing Official

- Hearing guidelines
 - Hearing official needs to be a “qualified individual”
 - Official does not need to be an administrative law judge
 - Hearings may be oral or written
 - Hearing decision must be in writing
- Many agencies already conduct some type of hearings – these procedures can be modified to apply to AWG



AWG Recap

- AWG Program
 - Maturing
 - Collections are growing
- AWG Process
 - AWG Notice Letter to debtor
 - AWG Order to employer
 - Hearing may be requested
 - Payment agreement may be established
- Using AWG
 - Important collection tool
 - Will increase your collections





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